



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	SB0175	<b>Title:</b>	Revise motor vehicle registration fees
<b>Primary Sponsor:</b>	Perry, Gary L	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### **FISCAL SUMMARY**

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b>Expenditures:</b>				
General Fund	\$313,498	(\$98,651)	(\$97,763)	(\$96,883)
<b>Revenue:</b>				
General Fund	(\$1,079,102)	(\$2,107,918)	(\$2,088,947)	(\$2,070,147)
State Special Revenue	(\$138,524)	(\$270,593)	(\$268,157)	(\$265,743)
<b>Net Impact-General Fund Balance:</b>	<u>(\$1,392,600)</u>	<u>(\$2,009,267)</u>	<u>(\$1,991,184)</u>	<u>(\$1,973,264)</u>

### **Description of fiscal impact:**

SB 175 permanently registers boats, snowmobiles, trailers, motorcycles, and quadricycles and removes the requirement that these vehicles must register again upon transfer of ownership. In addition to programming costs to implement SB 175, general fund and certain state special revenue funds would experience a decrease.

### **FISCAL ANALYSIS**

#### **Assumptions:**

#### **Department of Justice**

1. SB 175 permanently registers boats, snowmobiles (other than rental machines), trailers, motorcycles, and quadricycles removing the requirement that these vehicles register upon transfer of ownership.
2. Revenue reported in SABHRS in FY 2008 (base year) was \$1,346,395 for boat, \$3,346,020 for trailer, \$308,576 for snowmobile, and \$660,348 for motorcycle and quadricycle registration fees.
3. It is assumed that SB 175 will reduce revenues by 40% for boat, 40% for trailer, 25% for snowmobile, and 30% for motorcycle/quadricycle registration fees representing the transactions occurring due to a change of ownership transfer.
4. Annual state special revenue accounts are estimated to decrease \$69,145 for the MHP salary and retention account and \$106,410 (\$354,700 x 30%) for the motor cycle safety account for a total estimated decrease of \$175,555 in state special revenue.

5. It is assumed that revenues through the 2013 biennium will change at the same rate as boats, snowmobiles (other than rental machines), trailers, motorcycles, and quadricycle revenue as projected in the LFD *Legislative Budget Analysis: Volume 2* through FY 2011. These estimates are extended applying the growth rates developed by OBPP for FY 2012 (-0.9%) and FY 2013 (-0.9%).
6. Since SB 175 is effective January 1, 2010, the estimated revenue decrease for FY 2010 would represent one-half the annual estimate for FY 2010.
7. The results of assumptions 2 through 6 are presented in the following table:

**Fiscal Impact of HB 175 Single Permanent Registration on Motor Vehicle Revenue**

Motor Vehicle Division	FY 2008 (Actual)	Percent Reduction	FY 2008 SB 175 Reduction		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
HJR2 / OBPP growth rate					1.6%	-1.3%	-2.3%	-0.9%	-0.9%
<b>General fund</b>									
Boats	\$1,346,395	40%	\$538,558	\$547,336	\$540,057	\$527,474	\$522,726	\$518,022	
Snowmobiles	\$308,576	25%	\$77,144	\$78,401	\$77,359	\$75,556	\$74,876	\$74,202	
Trailers	\$3,346,020	40%	\$1,338,408	\$1,360,224	\$1,342,133	\$1,310,861	\$1,299,064	\$1,287,372	
Motorcycles & quadricycles	\$660,348	30%	\$198,104	\$201,334	\$198,656	\$194,027	\$192,281	\$190,550	
Total general fund	\$5,661,339		\$2,152,214	\$2,187,295	\$2,158,204	<b>\$2,107,918</b>	<b>\$2,088,947</b>	<b>\$2,070,147</b>	
Second half FY 2010 (50%)						<b>\$1,079,102</b>			
<b>State special revenue</b>									
MT Highway Patrol Retirement			\$69,145	\$70,272	\$69,337	<b>\$67,722</b>	<b>\$67,112</b>	<b>\$66,508</b>	
Second half FY 2010 (50%)						<b>\$34,669</b>			
Motorcycle state special revenue			\$106,410	\$108,144	\$106,706	<b>\$104,220</b>	<b>\$103,282</b>	<b>\$102,352</b>	
Second half FY 2010 (50%)						<b>\$53,353</b>			

8. Programming changes to the Montana Enhanced Registration and Licensing Information Network (MERLIN) will be contracted by Justice Information Technology Services Division to Bearing Point. It is estimated that it will take Bearing Point 2,275 hours to complete the changes at a cost of \$160.00 per hour for a total cost of \$364,000 [2,275 hours x \$160.00 = \$364,000] in FY 2010 only.
9. SB 175 is one of several bill drafts that seek to modify motor vehicle laws and therefore the motor vehicle licensing system (MERLIN). The fiscal note for each bill will be prepared based on the effect of the individual bill. However, when viewed as a package, the cumulative effect of passage of more than one bill will require additional analysis and may provide opportunities to share or redistribute costs.

### Department of Administration

10. MCA 15-1-122 requires the transfer of certain percentages of state vehicle revenue to various state special funds. As vehicle general fund revenues decrease transfers to these state special accounts are reduced. The following table outlines the agencies impacted by this bill:

**Share of Motor Vehicle Revenue Transfers  
to Agencies under 15 -1-122, MCA**

Department of Fish, Wildlife & Parks (FWP)	0.72%
Department of Transportation (DOT)	0.30%
Department of Military Affairs	0.68%
Department of Agriculture	1.50%
Department of Environmental Quality (DEQ)	1.48%

11. The loss of state special and the general fund revenue will result in either lower fund balances or reductions in expenditures.

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b>Department of Administration</b>				
<b><u>Expenditures:</u></b>				
Transfers	(50,502)	(98,651)	(97,763)	(96,883)
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	(\$50,502)	(\$98,651)	(\$97,763)	(\$96,883)
<b>Department of Justice</b>				
<b><u>Expenditures:</u></b>				
Operating Expenses (DOJ)	\$364,000	\$0	\$0	\$0
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$364,000	\$0	\$0	\$0
<b>All Agencies</b>				
<b><u>Revenues:</u></b>				
Motor Vehicle Fees (01)	(\$1,079,102)	(\$2,107,918)	(\$2,088,947)	(\$2,070,147)
FWP (transfers) (02)	(7,770)	(15,177)	(15,040)	(14,905)
Transportation (transfers) (02)	(3,237)	(6,324)	(6,267)	(6,210)
Military Affairs (transfers) (02)	(7,338)	(14,334)	(14,205)	(14,077)
Agriculture (transfers) (02)	(16,187)	(31,619)	(31,334)	(31,052)
DEQ (transfers) (02)	(15,971)	(31,197)	(30,916)	(30,638)
MHP Retirement (02)	(\$34,669)	(\$67,722)	(\$67,112)	(\$66,508)
DOJ Motorcycle safety fee (02)	(\$53,353)	(\$104,220)	(\$103,282)	(\$102,352)
<b>TOTAL Revenues</b>	<b><u>(\$1,217,626)</u></b>	<b><u>(\$2,378,511)</u></b>	<b><u>(\$2,357,104)</u></b>	<b><u>(\$2,335,890)</u></b>
<b><u>TOTAL Revenues</u></b>				
General Fund (01)	(\$1,079,102)	(\$2,107,918)	(\$2,088,947)	(\$2,070,147)
State Special Revenue (02)	<u>(\$138,524)</u>	<u>(\$270,593)</u>	<u>(\$268,157)</u>	<u>(\$265,743)</u>
<b>TOTAL Revenues</b>	<b><u>(\$1,217,626)</u></b>	<b><u>(\$2,378,511)</u></b>	<b><u>(\$2,357,104)</u></b>	<b><u>(\$2,335,890)</u></b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$1,392,600)	(\$2,009,267)	(\$1,991,184)	(\$1,973,264)
State Special Revenue (02)	(\$138,524)	(\$270,593)	(\$268,157)	(\$265,743)

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*Sponsor's Initials*


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